Jack Henry & Associates Reports Record Results In Third Fiscal Quarter 3Q01 Revenues Jump 59% And Earnings Up 51%RT

Monett, MO -- April 17, 2001. Monett, MO, April 17, 2001 -- Jack Henry & Associates, Inc. (Nasdaq: JKHY) today reported record revenues, earnings, and earnings per share for its third fiscal quarter of 2001, fueled by continued strong demand for technology solutions from financial institutions. Revenues rose 59% in the third quarter and increased 61% for the first nine months of fiscal 2001. Income from continuing operations rose 51% in the third quarter and increased 75% for the nine-month period ended March 31, 2001.

Third quarter income from continuing operations was $15.3 million, or $.17 per diluted share, compared to $10.2 million, or $.12 per diluted share, in the same quarter a year ago. Year-to-date income from continuing operations increased 75% to $40.1 million, or $.44 per diluted share, compared to $22.9 million, or $.27 per diluted share in the first nine months of fiscal 2000. Prior period numbers have been adjusted for stock splits and pooling transactions and reflect the 1.5 million shares issued in a secondary offering in August 2000.

"Demand for our integrated suite of banking and credit union solutions is strong, in spite of the general economic slowdown," stated Michael E. Henry, Chairman and CEO. "During strong economic cycles, community bankers are looking to gain market share through technological innovation. During weak economic cycles, financial institutions spend their technology budgets on solutions that improve efficiency and reduce overhead. Because we offer a full line of integrated products, our solutions address both needs in the market. Consequently, we believe our business is minimally impacted by fluctuations in the economy."

Revenues increased 59% to $92.8 million in the third quarter and grew 61% to $250.6 million in the first nine months of fiscal 2001 in comparison to the like periods a year ago. "Systems integration, popularity of our complementary products, and contributions from acquired operations continue to generate strong revenue and earnings growth," stated Terry W. Thompson, President and COO.

Third quarter non-hardware revenues, which includes software licensing and installation, maintenance/support and services, increased 50% to $60.5 million and only accounted for 65% of third quarter revenues compared to $40.4 million or 69% of revenues in the third quarter a year ago. Year-to-date, these same revenues jumped 62% to $171.2 million compared to $105.7 million or 68% of revenues in the first nine months of both 2001 and 2000. Gross margin on non-hardware revenues was 50% in the third quarter and 49% year-to-date compared to 54% and 48%, respectively, for the same periods a year ago.

Hardware sales were especially strong in the third quarter primarily due to increasing demand for imaging solutions and from credit unions. Hardware sales rose 80% to $32.4 million, accounting for 35% of total revenues compared to $18.0 million and 31% of revenues in the third quarter of 2000. Year-to-date hardware sales increased 58% to $79.3 million, compared to $50.2 million, or 32% of total revenues in both periods.

Overall gross margin was 43% of total third quarter revenues compared to 46% in the like quarter a year ago. For the first nine months of 2001 margins improved to 44% from 42% in the like period a year ago. Third quarter gross profit improved 46% to $39.7 million, and year-to-date gross profit was up 67% to $109.1 million.

"This quarter's results perfectly illustrate the impact of the revenue mix on our gross margin. Gross margins vary widely within each product area, with software licensing carrying the highest profit margin. Hardware sales carry lower margins than our other products and services, typically in the range of 25% to 30%. Consequently, when non-hardware revenues increase as a percentage of total revenues, overall gross margin increases and when hardware revenues increase as a percentage of total revenues, overall gross margin declines," stated Kevin D. Williams, Treasurer and CFO. "Even the mix of products within the hardware part of our business will influence margins on that area. Similarly, the mix of revenues of software licensing and installation, and maintenance/support and services also have a significant effect on our margins."

Third quarter operating expenses were $16.3 million, a 41% increase above last year's third quarter, reflecting the increased overhead from acquisitions made during the year and higher commissions generated from strong sales. For the first nine months of 2001, operating expenses increased 48% to $47.2 million compared to $32.0 million in the like period a year ago.

Operating income from continuing operations increased 50% to $23.4 million in the third quarter and improved 87% to $61.9 million year-to-date. Pre-tax margins were 26%, equal to margins in the comparable quarter a year ago, and were 25% year-to-date compared to 22% in the nine-month period a year ago.

The balance sheet remains strong with virtually no long-term debt. The effects of strong cash flow from internally generated growth coupled with contributions from acquisitions and a secondary offering, which raised $60.5 million in equity, generated an increase in assets to $364 million from $226 million and an increase in stockholders' equity to $261 million from $137 million, at March 31, 2001 compared to year ago levels.

"The strength in the two measures of future business, deferred revenues and backlog, reinforces our confidence in our ability to generate continued growth," noted Williams. Deferred revenue increased 58% to $65 million from $41 million. Backlog continued growing, jumping 12% over the 2nd quarter and 36% from a year ago. Backlog increased to $124 million at the end of the quarter compared to $111 million at December 31, 2000 and $91 million at March 31, 2000. The backlog for in-house products and services totaled $51 million and outsourcing backlog was $73 million at the end of the quarter compared to $33 million and $58 million, respectively at March 31, 2000.

Jack Henry & Associates, Inc. provides integrated computer systems and processes ATM and debit card transactions for banks and credit unions. Jack Henry markets and supports its systems throughout the United States and has over 2,800 customers nationwide. For additional information on Jack Henry, visit the company's web site at www.jackhenry.com. The company will host a conference call today to discuss third quarter results at 7:45 a.m. CDT. The call can be accessed live and for one week thereafter at www.streetfusion.com.

Statements made in this news release that are not historical facts are forward-looking information. Actual results may differ materially from those projected in any forward-looking information. Specifically, there are a number of factors that could cause actual results to differ materially from those anticipated by any forward-looking information. Additional information on these and other factors which could affect the Company's financial results are included in its Securities and Exchange Commission (SEC) filings on Form 10-K and its registration statement filing of August 11, 2000. These statements should be reviewed by potential investors. Finally, there may be other factors not mentioned above or included in the Company's SEC filings that may cause actual results to differ materially from any forward-looking information.

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